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Special Pay Raises

By Mike Causey
Washington Post Staff Writer

Some members of Congress—fearful of a midsummer government brain drain—are quietly discussing legislation that would give special pay raises to about 50,000 engineers, scientists and other hard-to-keep employees.

Under the plan, being kept under wraps on Capitol Hill, raises would be given to employees in special jobs or career fields from which the government cannot afford to lose experienced employees. The few people on the Hill who are aware of the plan are reluctant to talk about it, and no details were available.

There are two proposals pending in Congress that could trigger massive retirements in government this year. Although such an exodus would cut the federal payroll, it could also strip the government of invaluable employees who could easily find better-paying jobs in industry.

First is the possibility that Congress will approve a tax reform package that will push thousands of eligible workers into early retirement.

The House has approved a tax reform bill that would eliminate—effective July 1—a special benefit now given to state and local government employees, federal civil servants and other employees who contribute to their own retirement plans. Under current law, pensions of those workers aren't taxed after they retire until they recover all the money they contributed to (and paid taxes on) their retirement system while working. The House would subject a part of annuities beginning after July 1 to immediate federal taxes.

The Senate Finance Committee is considering a similar "reform" that would eliminate the tax-free period by January 1988. Federal union leaders say that either measure if passed could push many workers into retirement before the changes took effect.

Currently, about 200,000 federal workers are eligible to retire, including about 40 percent of the top scientists, engineers and professionals in the CIA, FBI, National Aeronautics and Space Administration and IRS.

The second retirement inducement is a bill introduced March 14 by Sen. William V. Roth (R-Del.). It would suspend current civil service age and service requirements between July 1 and Dec. 31, to permit hundreds of thousands of employees to retire early. Roth's bill would allow immediate retirement at any age after 25 years of federal service, or as early as age 57 after five years of service.

The Senate is expected to hold hearings shortly on the impact of massive retirements, and those hearings are expected to lead to proposals for special pay raises for special employees.